



August 25, 2008

Mary Rupp, Secretary of the Board  
National Credit Union Administration  
1775 Duke Street  
Alexandria, Virginia 22314-3428

Re: Comments on Advanced Notice of Proposed Rulemaking for Part 723 (revised)

Thank you for the opportunity to comment on items NCUA is considering amending in its Member Business Loan (MBL) rule, Part 723.

The Credit Union Association of Oregon (CUAO) is a nonprofit, professional trade association representing Oregon's state, community, and federally chartered credit unions. Since 1936, CUAO has been at the forefront of credit union issues at the state, regional, and national level, and provides a voice for Oregon's 4 million credit union members on issues impacting credit unions at a local level.

The Board is requesting comments on five areas in addition to other areas commenters feel NCUA should consider. The first area being considered relates to loan-to-value (LTV) ratios including collateral and security requirements; the second consideration is the requirement to use the services of an individual with two-years direct experience consistent with the type of lending the credit union is engaged in and the roll a CUSO may play in satisfying that requirement; third, MBL loan participations; fourth, waivers from a variety of limitations and requirements of the MBL rules.

It is CUAOs belief that MBLs can be administered in a safe and sound manner and provide a valuable benefit to business entities in credit union communities.

We will limit our comments to one area that NCUA did not specifically request input on, however it is of major importance to our credit unions and an area we believe needs to be addressed.

Pre-payment penalties: In addition to the above-specified areas up for consideration, an area that clearly needs to be reviewed at this time is the

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area of pre-payment penalties. Federally chartered credit unions are prohibited by regulation from charging a prepayment penalty on any type of loan. The FCU Act states, "...a borrower may repay his loan, prior to maturity in whole or in part on any business day without penalty..." It is not our belief that this restriction was ever intended to apply to MBLs. This restriction is better aligned with consumer loans as it relates more to consumer protections.

Business lending is a far more specialized field and requires a high level of expertise, extensive due diligence and ongoing relationship management resulting in higher costs and staff resources. An MBL that repays prior to maturity becomes a cost burden to all members of the credit union. MBLs should be excluded from the pre-payment penalty restrictions.

Understanding the action required to remove this section, we strongly encourage NCUA to support credit unions efforts to ease this restriction.

Thank you again for affording us the opportunity to comment on this important proposal.

If you need any further information please contact me at the CUAO office, 503-641-8420.

Respectfully,

A handwritten signature in dark ink, appearing to read "Janet M. Josselyn". The signature is fluid and cursive, with the first name "Janet" being more prominent.

Janet M. Josselyn  
Director of Compliance Services  
Credit Union Association of Oregon